

CORPORATE PRESENTATION

2020 ANNUAL GENERAL MEETING

Galaxy Resources Limited (ASX: GXY)

21 May 2020



Caution regarding forward looking statements

This document contains forward looking statements concerning Galaxy. Statements concerning mining reserves and resources may also be deemed to be forward looking statements in that they involve estimates based on specific assumptions.

Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward-looking statements as a result of a variety of risks, uncertainties and other factors. Forward-looking statements are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes.

Forward looking statements in this document are based on Galaxy's beliefs, opinions and estimates of Galaxy as of the dates the forward-looking statements are made and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments. There can be no assurance that Galaxy's plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that Galaxy will be able to confirm the presence of additional mineral deposits, that any mineralization will prove to be economic or that a mine will successfully be developed on any of Galaxy's mineral properties. Circumstances or management's estimates or opinions could change. The reader is cautioned not to place undue reliance on forward-looking statements. Data and amounts shown in this document relating to capital costs, operating costs, potential or estimated cashflow and project timelines are internally generated best estimates only. All such information and data is currently under review as part of Galaxy's ongoing operational, development and feasibility studies. Accordingly, Galaxy makes no representation as to the accuracy and/or completeness of the figures or data included in the document.

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This release was authorised by Mr Simon Hay, Chief Executive Officer of Galaxy Resources Limited.

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Corporate overview and strategy

Creating a sustainable, large scale, global lithium chemicals business

Promoting sustainable development



Work program commenced to align Galaxy's sustainable practices with global standards

Health & Safety

Health & Safety is Galaxy's utmost priority

- 17.8 TRIFR for the rolling 12 months ended 31 March 2020
- 0 LTIs at Mt Cattlin since restart in late 2016
- Increased health & safety practices implemented in 2019 to reduce TRIFR

Environmental Stewardship

Galaxy is committed to conducting its activities in an environmentally responsible manner by understanding and minimising the potential impacts of its operations

- 214MWh Solar energy capacity and 5 Ha rehabilitated area at Mt Cattlin
- Social and environmental baseline study underway at Sal de Vida

Social Responsibility

Galaxy recognises the importance of improving its social responsibility as it expands globally into Argentina and Canada from a single Australian operation

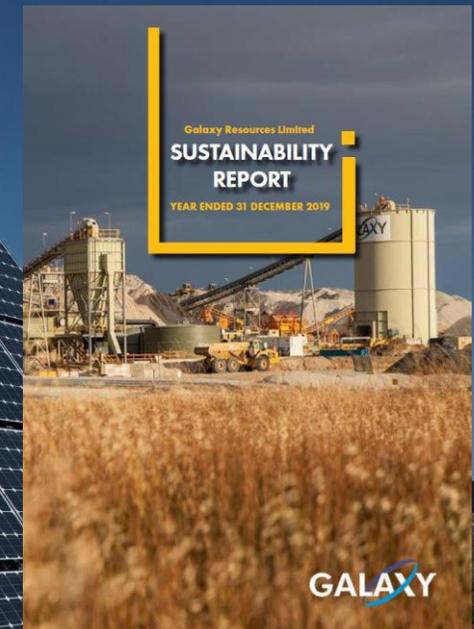
- US\$850k social investment commitment at Sal de Vida for three active projects
- IBA negotiations underway with the Cree Nation in Quebec, Canada

People Focus

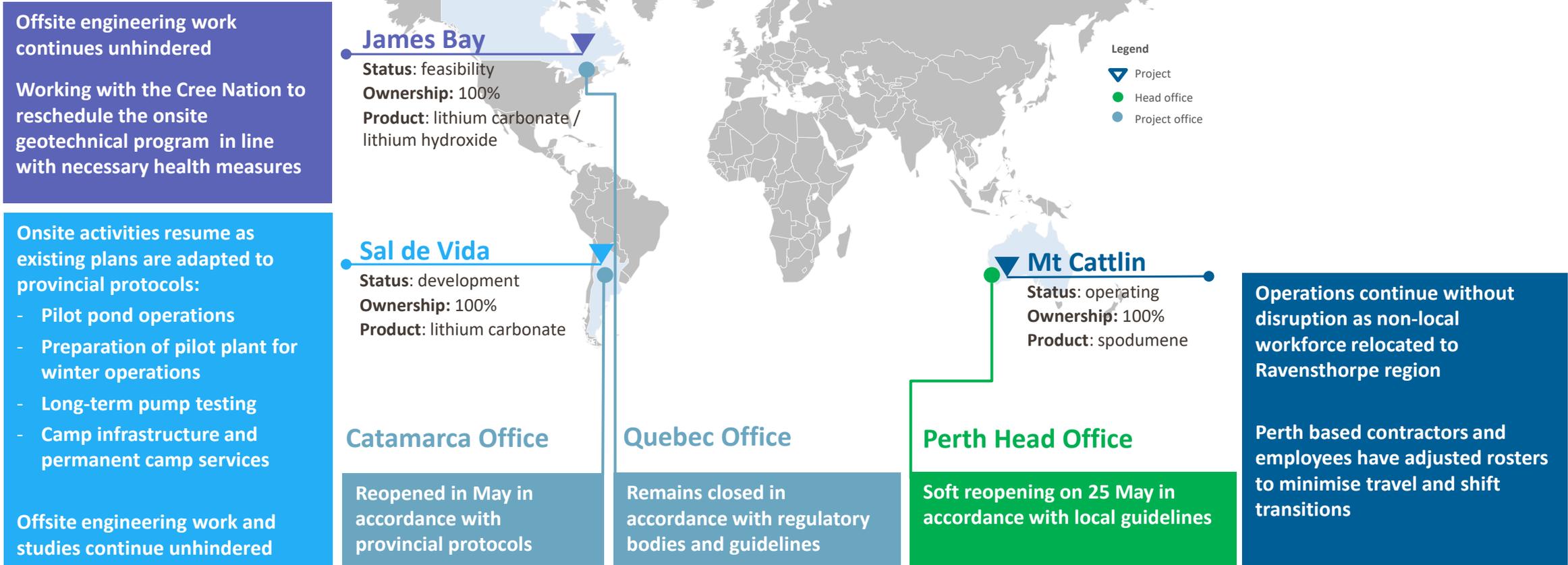
Galaxy strives to attract and retain quality people to enhance a culture that celebrates diversity, empowers employees and promotes integrity

- Galaxy's values updated in 2019 to reflect growth focus
- Executive and Sal de Vida management teams bolstered
- 100% Local teams at Sal de Vida and James Bay

Galaxy's first Sustainability Report is available [here](#)



Health & safety practices implemented organisation wide without incident



2019 highlights – Achieved development breakthroughs and operational success



Unfavourable financial results caused by subdued spodumene pricing, however Galaxy remains poised to execute its growth strategy

Operations	Sales	Profit & Loss	Balance Sheet 31 March 2020
			
<p>Spodumene produced 191,570 dmt (c.24.0kt LCE)¹ 2018: 156,689 dmt (c.19.6kt LCE)¹</p>	<p>Spodumene sold 132,687 dmt (c.16.6kt LCE)¹ 2018: 159,255 dmt (c.19.9kt LCE)¹</p>	<p>EBITDA (ex. inventory adjust)² US\$6.8M³ 2018: US\$58.1M⁶</p>	<p>Cash & Financial Assets US\$129.6M 31-Dec-19: US\$143.2M⁵</p>
<p>Unit Cash Cost US\$391/dmt produced 2018: US\$451/dmt</p>	<p>Grade of concentrate produced 5.93 % Li₂O 2018: 5.76%</p>	<p>Statutory NPAT (US\$283.7M)⁴ 31-Dec-18: US\$150.2M</p>	<p>Debt Nil 31-Dec-19: Nil</p>

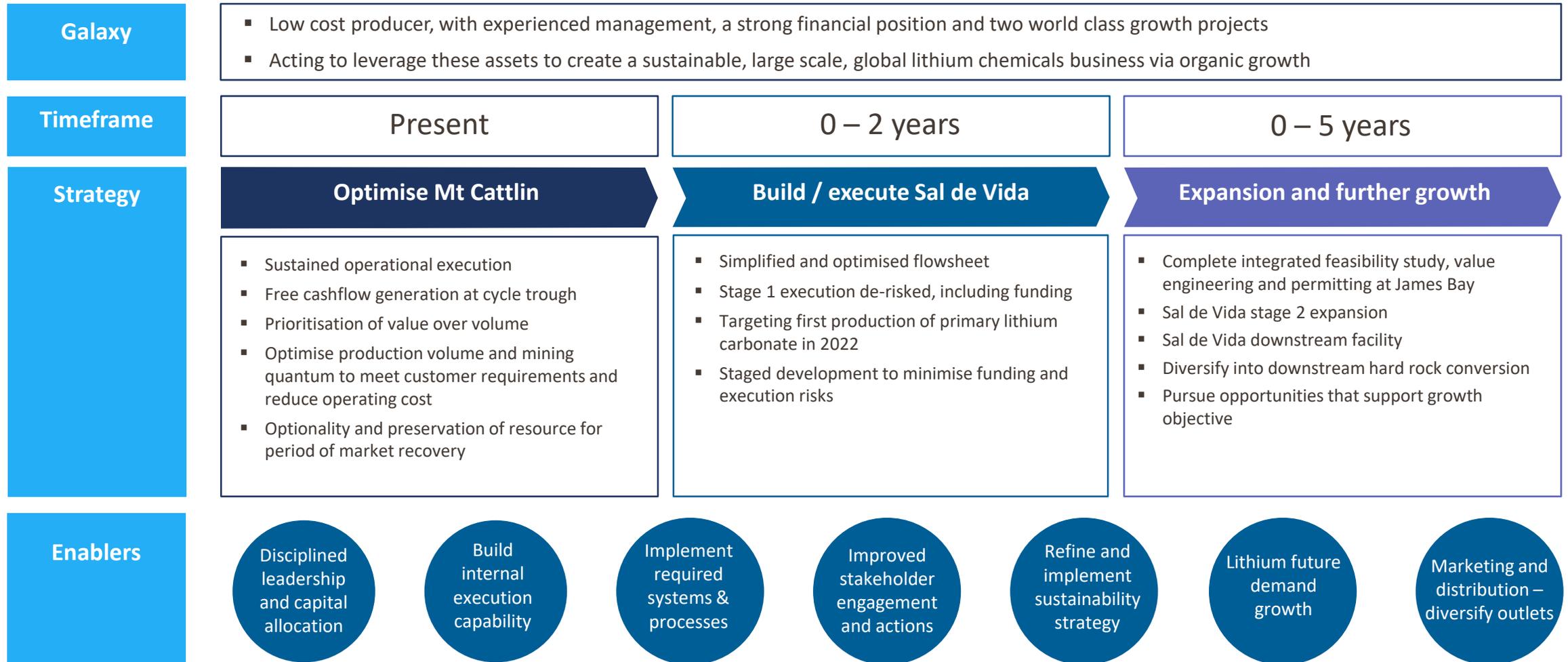
1. LCE to spodumene conversion factor of 8.0 assumed
2. Non-IFRS financial information that has not been subject to audit by Galaxy's external auditor
3. Excludes inventory write down of US\$23.6M to reduce inventory valuation to net realisable value

4. Includes non-cash write down of inventory of US\$23.6M, impairment of PP&E of US\$188.9M and derecognition of deferred tax assets of US\$33.3M
5. Includes US\$42.3M of Financial Assets
6. Excludes POSCO sale

Growth strategy



A focused and simplified growth strategy developed in 2019





Project development – Sal de Vida

Staged, scalable development approach



To smooth capital expenditure and reduce development risk

STAGE 1

Targets initial commercialisation of primary lithium carbonate
Stage One can be largely self funded

- Galaxy is committed to ensuring that Sal de Vida's capital intensity and operating costs are highly competitive
- A number of work programs and studies are currently underway to realise these objectives and underpin a FID on Stage One
- Strong progress has been made to date in advancing the design and further positive results achieved verify the flowsheet
- A delay is expected for Stage One's FID due to COVID-19 restrictions impacting onsite activities. Galaxy is adapting existing plans to new provincial protocols and defining the full extent of this delay

STAGE 2

**Direct expansion
of Stage 1 after
earnings realisation**

STAGE 3

**Purification into battery
grade lithium carbonate
at offsite location**

Solid progress towards a FID for Stage One



A number of work programs and studies are underway

Studies & Engineering

- **Front End Engineering Design (FEED)** – Detailed Scopes of Work of wellfield to ponds issued for tender. Proposals have been evaluated and will soon be awarded
- **Sizing study for process plant** – Completed, informing optimal size to support staged development. FEED tender process has commenced
- **Ongoing test work results** – Continue to validate the process flow sheet developed to reduce technical complexity and risk
- **Logistics & energy** – Selection of preferred solutions
- **Social & environmental baseline study** – Reaching final stages of completion

Piloting Phase

- **Piloting objective** – To optimise key operating parameters and enable customer qualification of primary lithium carbonate
- **Pilot ponds** – Construction completed and now operational
- **Pilot plant** – Construction completed with preparation for winter operations underway including training and full commissioning
- **Long term pump testing** – To update the hydrogeological model and refine the design of the production wellfield

Onsite activities to support development

- **Management and operations bolstered** – General manager with significant in-country and industry experience appointed and operational teams assembled
- **Camp upgrades and expansion** – Completed and now caters for 116 workers to support piloting phase. Temporarily reduced due to COVID-19
- **Finalising permanent camp services** – water treatment plant, sewage treatment plant, gensets etc
- **Community office** – Opened in Antofagasta de la Sierra to facilitate community relations

Social Responsibility



Sustainable project development focused on improving the wellbeing of local communities

- Galaxy recognises that social responsibility is fundamental to both the success of Sal de Vida's development and improving the wellbeing of its surrounding communities
- As part of Galaxy's sustainable project development approach, the Company is committed to regularly engaging with community stakeholders to provide positive and lasting benefits as Sal de Vida advances
- Galaxy has entered into a two year program where it has committed to three projects to support the communities surrounding Sal de Vida
- Activities are scheduled to resume again after being temporarily postponed due to COVID-19 restrictions. The construction and expansion of the two schools reached ~30% completion prior to these restrictions
- Additionally, Galaxy has provided medical supplies to the Antofagasta de la Sierra hospital to assist in the prevention and preparation for COVID-19



Antofagasta de la Sierra

Population: 730 **Distance from SdV:** 97 km

Commitment: US\$262,000

Community project: Primary School expansion. Classrooms, facilities and supporting infrastructure

Ciénaga La Redonda

Population: 25 **Distance from Sdv:** 10 km

Commitment: US\$50,000

Community project: Construction of a first aid facility and an ambulance parking lot

El Peñón

Population: 263 **Distance from SdV:** 157 km

Commitment: US\$530,000

Community project: Construction of an annexed secondary school on the same campus as the elementary school

San Fernando del Valle de Catamarca

Population: 181,531 **Distance from SdV:** 630 km



Operations – Mt Cattlin



Mt Cattlin remains a stable, low-cost producer



Prioritising value over volume to generate free cashflow & preserve resource life

2019

- Record breaking year for production volumes, product quality and unit costs
- Successful Yield Optimisation Program with increased focus on costs and operating efficiencies
- Towards the end of the year a revised, market-driven strategy for 2020 was announced, lowering operational settings to adapt to weak market conditions
- A new mining contractor was appointed for 2020 allowing greater flexibility to respond to market conditions

2020

- 2020 will be a challenging year with suboptimal operational settings to get through weak market conditions
- Q2 will be the first full quarter under the new 2020 operating plan. Operating costs and performance will be indicative of the year ahead
- As part of a market-driven strategy to control unit costs, ore sorters were commissioned to prioritise low grade stockpiled ore for processing while maintaining product quality
- Two shipments totaling 47,512 dmt have taken place this year with arrangements for Q2 shipment well advanced. 2020 production and existing inventory sufficient to satisfy customer demand in 2020



Feasibility – James Bay

High strategic value at James Bay



Diligent capital deployment and project definition work

A strategically located asset with medium to long term potential as a fully integrated project

James Bay provides strong expansion potential into the emerging growth markets of North America and Europe

The strategy is to “take our time and get it right” on the fully integrated solution, prioritising work on the upstream first

- Value engineering work on the upstream component will be completed in Q2 2020 with the objective of identifying capital and operating cost reductions
- Phase 2 of downstream work for the conversion facility has progressed as planned with positive results to date
- Working with the Cree Nation to reschedule the onsite geotechnical program in H2 2020 due to COVID-19
- Impact and Benefits Agreement (IBA) discussions continue. Galaxy is working in close collaboration with the community and the Cree Nation Government to ensure that a positive working relationship continues through the permitting process

The image features a dark blue background with a close-up, slightly blurred texture of what appears to be lithium carbonate or similar mineral grains. A white double-line border frames a central horizontal band. Inside this band, the words "Lithium Market" are written in a clean, white, sans-serif font.

Lithium Market

Lithium Market Outlook



Galaxy remains poised to execute its growth strategy and position itself for market recovery

Short-term remains uncertain



It is too early to define the full impact of COVID-19 and the lithium sector remains challenging and uncertain at this stage.

Though there has been significant declines in electric vehicle (EV) production and sales for Q1 2020, the following positive indicators will support a recovery in lithium demand:

- Chinese stimulus packages implemented at both municipal and provincial level to support EV sales
- Significant growth from the rest of the world is emerging, with 32% yoy growth in EV sales in 2019, compared to China of -4% in the same period
- Europe reported 119% yoy growth in plug-in electric vehicles sales in Jan-Feb 2020
- Numerous spodumene and brine production and expansion projects have been curtailed or delayed, supporting an eventual price recovery

Medium to long-term remains positive



Significant growth is predicted for the sector as industry and government commitments across the globe remain:

- European EV demand is largely driven by CO₂ emissions compliance. Europe continues to incentivise EV's and penalise petrol and diesel vehicles
- Weak oil prices will not have a material, long term impact due to European structural changes and limited linkage between crude oil and China's gasoline prices
- China is targeting 20% New Energy Vehicle (NEV) penetration rate (5 million vehicles p.a.) by 2025
- Major automakers have made significant investments to transition to EV's and remain on course to do so
- Increasing public awareness of climate change risks and mandatory government policy on emission standards

Demand acceleration, and significant supply rationalisation will eventually return the market to deficit



As a leading producer and developer of lithium, Galaxy is poised to execute its growth strategy, unlock value from its two world class assets and position itself for market recovery

- ✓ Robust balance sheet
- ✓ Stable, low-cost operations
- ✓ Experienced management
- ✓ Strategic & diversified portfolio

To create a sustainable, large scale, global lithium chemicals business to power the future



Q&A Session

Shareholders are invited to ask questions by following the instructions on the Lumi homepage.

GALAXY